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C O N F I D E N T I A L SECTION 01 OF 02 SINGAPORE 001996

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SUBJECT: GOS VIEWS ON CHINA'S POLICY GOALS AND ROLE IN
SOUTHEAST ASIA

Classified By: Ambassador Patricia Herbold. Reasons 1.4(b)(d)

11. (C) Summary: Singapore expects a high degree of continuity in China's domestic and foreign policy, Security and Intelligence Division (SID) Director BG Chee Wee Kiong told visiting EAP DAS Thomas Christensen October 15. China's main priority is ensuring a stable international environment so it can focus on internal economic development. China views ASEAN as part of its "strategic backyard" and is gaining greater regional influence through its growing economic ties. It is content to leave ASEAN in the "driver's seat" for regional integration, but ensures it has enough leverage over some ASEAN members to help "guide" ASEAN's path, commented BG Chee. However, underlying problems remain in China's relations with Southeast Asia and China is willing to engage in "hardball" tactics when necessary. End Summary.

Policy Continuity

12. (C) Singapore expects a high degree of continuity in China's domestic and foreign policy coming out of the 17th Party Congress, Security and Intelligence Division (SID) Director BG Chee Wee Kiong told visiting EAP DAS Thomas Christensen October 15. On the domestic front, China's leadership wants to sustain a high rate of economic growth (around 8-9 percent per year) to keep unemployment down, while shifting to a more demand-led growth model. At the same time, it wants to enhance environmental protections. Rising income inequality (as well as the urban-rural divide) is a growing concern for the leadership, and the government will shift more resources into areas such as education and health to improve income distribution. The Communist Party seeks to enhance its legitimacy beyond simply delivering economic growth, but will not move towards a multi-party political system to do so, according to SID.

ASEAN: China's Strategic Backyard

13. (C) China's foreign policy priority remains ensuring a stable international environment that will enable China to focus on internal economic development, argued SID analysts. In Southeast Asia, China is pursuing closer ties with ASEAN to demonstrate that China's peaceful development is in the region's interests and to counter the "China threat" argument. China views ASEAN as part of its "strategic backyard" and an important source of energy imports. China is using its closer economic ties with ASEAN (both through greater trade and foreign direct investment) to gain greater regional influence. In particular, China has assiduously

cultivated Cambodia, Laos, and Vietnam with a combination of economic and military aid. China has also reached out to more "established" ASEAN members, especially Malaysia.

¶4. (C) China believes a stronger ASEAN is in China's interest. Beijing is more interested in ASEAN plus three as a vehicle for regional integration than the East Asia Summit (EAS), given China's greater relative influence in the former. While China is content to leave ASEAN in the "driver's seat" for regional integration, it ensures it has enough leverage over some ASEAN members such as Burma, Cambodia, Laos, and Thailand to help "guide" ASEAN's path, commented BG Chee.

¶5. (C) ASEAN's tough September 27 Chairman's statement on Burma had "shocked" Beijing, BG Chee told DAS Christensen. However, the situation was "not static" and Beijing had been pushing back against ASEAN countries to ensure that ASEAN did not make any further moves that would deprive China of political cover for its support for the regime.

PLA Showing a "Friendly Face"

¶6. (C) China's People's Liberation Army (PLA) has sought to "show a friendly face" in Southeast Asia, noted BG Chee. The PLA has signed defense MOUs with a number of its counterparts in the region and initiated bilateral security dialogues. China has also increased its involvement in maritime security issues.

Problems Still Exist

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¶7. (C) Underlying problems still exist in China's ties with the region and China is willing to engage in "hardball" tactics when it deems it necessary. This was evident when China engaged in "tit-for-tat" retaliations against other countries after they raised concerns about the safety of China's exports of food and other products. Land and maritime boundary disputes still exist and can flare up from time to time, such as with Vietnam. China should reduce its heavy emphasis on energy and economic cooperation with the region to broaden and diversify its ties, argued BG Chee.

Cross-Strait Situation

¶8. (C) President Hu Jintao has to be seen in China as taking a firm stand on Taiwan, argued BG Chee. President Hu would prefer to leave resolution of the Taiwan issue to the long term, but is afraid that China has "limited cards" to play if Taiwan moves toward independence in the near term. If China were to use military force against Taiwan, China's leaders believe Beijing could start and win the "first round," but do not believe Chinese forces could occupy the island successfully, BG Chee stated. He added that he visits Beijing every year and said no one there is willing to rule out the use of force against Taiwan.

¶9. (U) DAS Christensen has cleared this message.

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